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STAFF NOTES:

Western Europe Canada International Organizations

State Dept. review completed

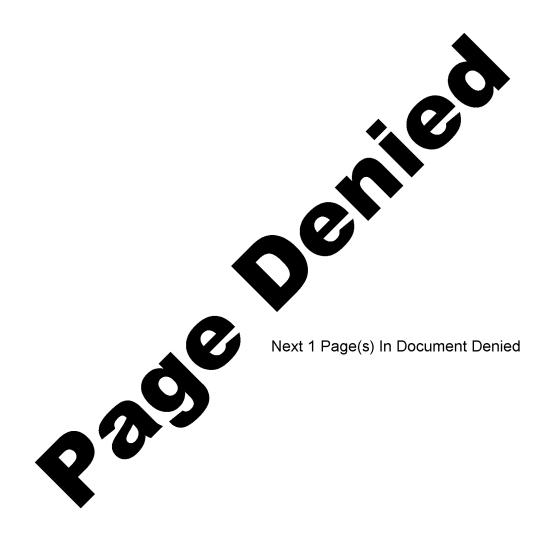
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WESTERN EUROPE - CANADA - INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

CONTENTS	25X6
More on Poniatowski and French Nuclear Sales to South Korea	3
Franco's Disparagement of Parties Draws Reaction in Spain	5 25X6
	2380
Italian Communists Take Independent Line on International Labor Questions	7
Turkish Government Still Hopeful on US Arms Embargo	10
ANNEX: Italy's Christian Democrats Begin Review of Leadership and Policies	11

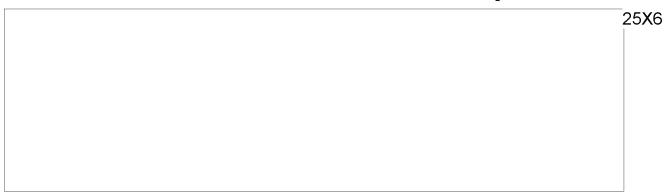


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More on Poniatowski and French Nuclear Sales to South Korea

Last week during a visit to Canada, French Interior Minister Poniatowski answered "no" to a reporter's question about whether France intended to sell uranium reprocessing equipment to Seoul. Soon afterward, the Canadian External Affairs Minister, not knowing of Poniatowski's remark, stated that his South Korean counterpart said Seoul would buy such equipment from the French. A flurry of requests for clarification have provoked several responses in Paris. French officials confirm that talks are under way, but add that a final decision has not been made.

The Director of the French Foreign Minister's personal cabinet told a US embassy officer that Interior Minister Poniatowski was neither well informed nor properly briefed on the sale, which is outside his purview. The Quai's Scientific Affairs Director told another embassy officer that Poniatowski really meant to say that a final decision had not been made, while the Canadians have suggested that he merely misunderstood the question.



July 17, 1975

Approved For Release 2009/01/09 : CIA-RDP86T00608R000500010031-3 ${\bf SECRET}$

Poniatowski, as President Giscard's closest confidente, is in a good position to influence the outcome if he should decide to press any opposition to the sale.

25X1

July 17, 1975

SECRET

25X1

Franco's Disparagement of Parties Draws Reaction in Spain

The recent speech by General Franco to Civil War veterans in which he described the illegal opposition parties as "yapping dogs" has drawn the first public action by the center-left Democratic Conference since its formation last month. The new group circulated a manifesto calling for a break with the Franco regime.

The manifesto, which was given to foreign newsmen, said that for nearly 40 years Spain has been oppressed by an anti-democratic regime which has curtailed fundamental human freedoms. The manifesto called for the "reestablishment of popular sovereignty through an essential break with the regime and the beginning of a constitutional period."

The 16 parties which signed the document formally constituted themselves into an organization last month after deciding against joining the Communist-dominated Democratic Junta formed in Paris last year. The new group is made up of parties which are likely to draw the largest membership if open partisan activity is permitted in post-Franco Spain. These include five Christian Democratic and four Socialist groups.

General Franco's statement to the veterans that in the case of illegal parties too much importance is being given to "yapping dogs which are no more than tiny minorities," will further hinder Prime Minister Arias' efforts to encourage the non-Communist parties to apply for legal status as political associations willing to cooperate to liberalize the Franco regime.

25X1

July 17, 1975

-5-



Italian Communists Take Independent Line on International Labor Questions

A top official of Italy's communist labor federation has given a rundown of his organization's attitudes toward the Communist labor international and the European labor confederation that clearly distinguishes between Italian and French Communist viewpoints.

Roberto Scalia, head of the Communist federation's (CGIL) international affairs department, recently discussed labor matters with a knowledgeable French official. Scalia was apparently candid in expressing his views, which are representative of those held by other Italian Communist leaders.

Among Scalia's more interesting remarks were the following:

- --During the last several years the communist labor international has become almost exclusively a Soviet propaganda instrument. The Italians, accordingly, have lost interest in the WFTU. The Italian affiliate changed its WFTU status--from full to associate member--in line with the conditions laid down for Italian membership in the European Trade Union Confederation (ETUC).
- --The Italians are actively and enthusiastically participating in ETUC activities. They are convinced that the organization has a real potential for advancing Italian labor interests in the context of the European economy and EC institutions.

July 16, 1975

- -- The Italian confederation considers it a "question of honor" that the French communistdominated labor confederation (CGT), which has applied for membership in the European confederation, must loosen its ties with the communist international as the price for admission. They are counting on the West German and French democratic labor organizations to block CGT membership, should the latter continue to insist on retaining full membership in the communist international. The US mission in Brussels has confirmed that the Italians have carefully avoided any involvement in the CGT issue whenever it has been discussed by the European confederation.
- --Italian communists accept a pluralistic political system and the achievement of socialism through majority rule. This acceptance is based on a recognition that European society has become so complex that rigid Marxist precepts are no longer valid. They believe that their French counterparts are living in thepast, and have learned nothing from the Stalinist experience. The resultant ideological and tactical differences are unbridgeable.

Scalia is correct in his assessment of the communist labor international. Largely moribund, it does not represent a significant source of attraction to trade unions outside the communist world. The Italians undoubtedly are convinced that their interests are better served through ETUC, even though that organization still falls far short of being an effective institution.

The admission of communist-controlled unions to democratic labor confederations has been of major concern to many Western labor organizations-notably the West Germans and the AFL-CIO. The CGIL's admission to the European confederation

July 16, 1975

was seen by some as the start of a gradual communist effort to undermine the Western labor movement. The Italians have in fact been a model member since joining ETUC, and it's secretary general told the US Mission recently that the Italians have consistently sent high caliber people to Brussels. They have acted like "real Europeans" as well as bona fide trade unionists in support of confederation initiatives. This behavior has led many to consider that earlier apprehensions were unjustified.

The differences between the French and Italian parties—as well as the Italian good behavior thus far in the European confederation—reflect fundamentally different approaches to gaining influence for communists. However, it would be premature to conclude that the Italian party has given up the Leninist precept that any means—peaceful or revolutionary—can be used to attain sole power. On the other hand, the Italians, in drawing closer to the mainstream thinking of the democratic labor organizations, may have a greater effect on consolidating the influence of the latter than in furthering revolutionary aims.

25X1

July 16, 1975

Turkish Government Still Hopeful on US Arms Embargo

The Turkish government evidently still hopes to avoid upsetting efforts currently under way to lift the US arms embargo, despite the expiration today of its self-imposed deadline for rescinding the embargo.

Turkish Foreign Minister Caglayangil told the US ambassador today that his government would defer steps to place the US defense installations on a provisional status pending new agreements. Turkey was postponing action despite the fact that developments with respect to lifting the embargo were "not as strong as expected" during the 30-day grace period announced on June 17. Caglayangil said any move to place the installations on a provisional status would create "difficulties" for President Ford's efforts to lift the embargo. He added that a final decision on the matter will be made once the US Congress has acted.

Caglayangil claimed, however, that it was necessary for Turkey to open negotiations immediately to revise the status of joint defense installations. He made it clear that such negotiations need not deal with substantive matters for some time, suggesting they were being initiated in part with an eye to mollifying the government's harsher critics. Caglayangil pointed out to Ambassador Macomber that the previous day's cabinet discussion on the subject was "difficult" and expressed concern about the domestic reaction to the government's temporizing action.

The first session between US and Turkish negotiators took place today but it was largely ceremonial. The Turkish side noted that it will not call for another meeting until the results of President Ford's effort with the Congress are known.

25X1

July 17, 1975

-10-

ANNEX

Italy's Christian Democrats Begin Review of Leadership and Policies

When the leaders of Italy's Christian Democratic Party gather on Saturday to debate the implications of last month's regional and local elections they will be preoccupied with one overriding fact: for the first time the party is in real danger of losing its dominant position in national politics to the Communists. The Christian Democrats and Communists have, respectively, been Italy's largest and second largest parties during most of the postwar period, but until the June contests there has never been less than 10 percentage points between them. In June, however, the Communists pulled to within about 2 percent of the Christian Democrats at the regional, provincial, and municipal levels.

With that in mind, the 120-member Christian Democratic national council--the party's principal deliberative body--will tomorrow face two basic problems:

- --how to minimize the damage to the party's position in regional and local governments,
- --how to prevent the Communists from duplicating or improving on their performance in the next national parliamentary elections, which must be held no later than 1977.

There is probably not much the Christian Democrats can do about the regional and local situation. Two weeks ago, the party's executive

July 17, 1975

-11-

directorate called for the formation of centerleft governments--i.e. Christian Democrats, Socialists, Social Democrats, and Republicans-wherever possible. But the Socialists, whose moderate gains gave them the option in many areas either of joining center-left governments or of linking up with the Communists, have so far shown a preference for alliances with the Communists.

Last week, for example, the Socialists chose to join a Communist-led government in Liguria, which added a fourth region to the "red belt," the north-central area where the Communists have long held the balance of power. In addition, the Socialists are leaning toward a minority government with the Communists in the key northern region of Piedmont, despite the fact that a centerleft coalition would have a majority there.

The Christian Democrats face a particularly difficult problem in deciding the line to take with the Socialists, who are not excluding them a priori from these governments. In fact, both the Socialists and Communists emphasize that their coalitions are "open" to all parties except the neo-fascists. This forces the Christian Democrats either to relinquish their share of power in many areas or join the other two parties in local governments that would inevitably be regarded as a move toward Communist chief Berlinguer's "historic compromise" proposal aimed at cooperation among the three parties in Rome.

In an effort to turn the situation around before the next national elections, the Christian Democrats will be critically reassessing their leadership and policies. Although Christian Democratic leaders generally say they do not want to make a scapegoat of party chief Amintore Fanfani, most seem to have concluded that he has to go. An overwhelming

July 17, 1975

25X1 25X1 Approved For Release 2009/01/09: CIA-RDP86T00608R000500010031-3

SECRET

majority in the party's executive directorate broke with Fanfani on the issue of whether to postpone the reassessment until the party congress next fall. Prime Minister Moro--Fanfani's last major prop--is expected to withdraw his support at the council meeting. Thus, even if the council does not vote Fanfani out now--he says he will not resign--it will at least pave the way for his departure, which is likely to be no later than the party congress.

Maneuvering for a successor is already under way among the Christian Democrats' six factions. The largest of the center factions -- which includes Foreign Minister Rumor and represents about a third of the party--does not now hold either the party leadership post or the prime minister's office and is therefore a logical candidate to provide the new leader. A front runner within the faction is 60-year-old Flaminio Piccoli-the leader of the Christian Democratic delegation in parliament's lower house. Although he has recently been regarded as a conservative, Piccoli appears to have had some success during the last few weeks in mending fences with Christian Democratic left-wingers, whose approval will be essential to Fanfani's successor. Other prominent contenders are Rumor and Budget Minister Andreotti, who leads his own faction.

Prime Minister Moro has another idea

25X1

for handling the succession.

He is proposing a collegial leadership to continue an assessment of the party's policies and to run things until an across-the-board review can be undertaken at the party congress.

The Christian Democrats will also have to decide what kind of government should follow Moro's Christian Democrat-Republican

July 17, 1975

-13-

SECRET

coalition--supported in parliament by the Social Democrats and Socialists--which everyone regards to have been a stop-gap to bridge the June elections. The Christian Democrats do not have many options. They can

- --pay the price the Socialists are demanding for their return to full participation in the center-left coalition. That would involve programmatic and ministerial concessions to the Socialists, along with a larger chunk of the patronage available in the public sector of the economy.
- --insist on the traditional center-left formula, in which the Christian Democrats would continue to hold most of the power. The Socialists would balk, however, and the ensuing political crisis could lead to early national elections.
- --try to revive the centrist coalition, replacing the Socialists with the small and conservative Liberal Party. Although mathematically possible, its thin majority and the nationwide decline of the Liberals in the regional elections would make the centrist alternative just another stop-gap.

In addition to these immediate problems, the Christian Democrats will have to address the longer-range issue of their relations with the Communists. The election results suggest that Italians in increasing numbers view the Communists as a legitimate national party, so it will be hard for the Christian Democrats merely to reiterate their opposition to the Communists on ideological grounds. The Christian Democrats are not likely to make a deal with the Communists, however, unless forced to do so by a decisive defeat

July 17, 1975

-14-

SECRET

in a national election. Still, there are bound to be pressures, particularly from the Christian Democratic left, for a more open dialogue with Berlinguer's party.

The heterogeneous nature of their party will make it difficult for the Christian Democrats to reach a consensus on these issues. Any course of action will alienate some of their followers. That dilemma is particularly acute now, because Fanfani's campaign strategy resulted in a shift of the party's image further to the right at a time when the country seems to be moving left; he partially offset losses to the left by campaigning on conservative themes that drew support away from the traditional and neo-fascist right.

It will be hard, moreover, for the Christian Democrats' diverse factions to break the ingrained habit of maneuvering for internal advantage even after policy decisions are taken. One symptom of this tendency is the party's chronic inability to impose discipline on its parliamentary representatives when controversial issues are up for a vote.

In addition, the Christian Democrats can field new faces capable of improving the party's tired image only with a major internal upheaval that would risk alienating traditional supporters.

As the Christian Democrats struggle to overcome these problems, they will be competing with a Communist Party that seems unified behind Berlinguer and bent on proving that it is a moderate party with the answers to Italy's problems. The latest example of the Communist post-election strategy came last week, when Communist labor leaders took the lead in encouraging Italy's major labor federation to seek maximum employment and temper wage demands in major contract negotiations

July 17, 1975

-15-

this fall. The federation's strategy should encourage calmer and less protracted bargaining in the fall, unless some of the militant constituent unions refuse to go along. Deputy Prime Minister La Malfa, a frequent critic of labor's policies, praised the Communist-sponsored proposals as eminently sensible.

25X1

July 17, 1975

-16-